

Message Text

CONFIDENTIAL

PAGE 01 FRANKF 07353 020712Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 /080 W

----- 022718

R 011745Z OCT 76

FM AMCONSUL FRANKFURT

TO SECSTATE WASHDC 5722

INFO AMEMBASSY BONN

AMEMBASSY PRAGUE

C O N F I D E N T I A L FRANKFURT 7353

E.O. 11652: GDS

TAGS: BEWT PFOR CZ GW

SUBJECT: HARD CURRENCY LOAN TO CZECHOSLOVAKIA

REF : PRAGUE 2308

1. DEUTSCHE BANK EASTERN EUROPEAN SPECIALIST CONFIRMS NEW \$200 MILLION LOAN TO CZECHOSLOVAKIA IS ALREADY IN THE MARKET. COMMERZBANK, TOGETHER WITH DEUTSCHE BANK IS REPORTEDLY ACTING AS COORDINATOR. OTHER CO-MANAGERS INCLUDE: BANK FUER GEMEINWIRTSCHAFT, DEUTSCHE GIROZENTRALE, DEUTSCHE GENOSSENSCHAFTS BANK, AND DEUTSCHE HYPOTHEKENBANK.

2. TERMS ARE REPORTED AT AN INTEREST RATE OF 1 1/4 ABOVE LIBOR. PAYMENT IS TO BE IN THREE EQUAL INSTALLMENTS: 1/3 AFTER 48 MONTHS; 1/3 AFTER 54 MONTHS; AND THE FINAL 1/3 AFTER 60 MONTHS.

3. THE LOAN, ALTHOUGH NOT TIED TO SPECIFIC PURCHASES FROM GERMANY, IS TIED TO GENERAL REFINANCING OF ONGOING DEBT FOR PAST IMPORTS FROM THE FRG.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 FRANKF 07353 020712Z

4. OUR DEUTSCHE BANK SOURCE FEELS THAT ALTHOUGH IT IS TOO

EARLY TO SAY WITH CERTAINTY, A PATTERN OF GREATER ACTIVITY
OF THIS TYPE CZECH BORROWING COULD BE SHAPING UP.
HE ALSO CITES A SIMILAR TYPE
\$60 MILLION LOAN ASSEMBLED IN THE FALL OF 1975
DEUTSCHE BANK'S ASSOCIATE BANK IN VIENNA IN RESPONSE TO
CZECH REQUEST AND CHARACTERIZED THIS AS AN EARLY
FEELER ON THE PART OF THE CZECHS.

5. THE DEUTSCHE BANK SPOKESMAN ALSO RAISED THE QUESTION,
WITHOUT REALLY ANSWERING IT, OF THE POSSIBILITY OF THE
SOVIETS USING THE CZECHS TO GO TO THE WESTERN WELL FOR
THEM. IN MUSING ON THIS POSSIBILITY, HE REFERRED TO LOANS
WITHIN THE PAST 18 MONTHS FROM DEUTSCHE BANK AND THE
COMMERZBANK TOTALING SOME \$900 MILLION SUPPOSEDLY TIED TO
SPECIFIC GERMAN EXPORTS, THE AMOUNT OF WHICH, HOWEVER,
CORRESPONDS CLOSELY TO CZECH OBLIGATIONS TO THE SOVIET
UNION AS THEIR SHARE OF COMECON PIPELINE PROJECTS.

6. CONSULATE GENERAL WILL CONTINUE TO GATHER FACTS AND
FEELINGS FROM THE FRANKFURT BANKING COMMUNITY ON CZECH BORROWING
ACTIVITY.LEHMANN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CURRENCY LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976FRANKF07353
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760372-0649
From: FRANKFURT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761094/aaaadddp.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 PRAGUE 2308
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2004 by CollinP0>; APPROVED <29 JUL 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HARD CURRENCY LOAN TO CZECHOSLOVAKIA
TAGS: EEW, PFOR, EFIN, CZ, GE, DEUTSCHE BANK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006